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1 STUTMAN, TREISTER & GLATT, P.C.
 2 FRANK A. MEROLA
 (CA State Bar No. 136934)
 3 EVE H. KARASIK
 (CA State Bar No. 155356)
 4 ANDREW M. PARLEN
 (CA State Bar No. 230429), Members of
 1901 Avenue of the Stars, 12th Floor
 5 Los Angeles, California 90067
 Telephone: (310) 228-5600
 6 Facsimile: (310) 228-5788
 Email: fmerola@stutman.com
ekarasik@stutman.com
aparlen@stutman.com

8 Counsel for the Official Committee Of
 9 Equity Security Holders Of USA Capital First Trust Deed Fund, LLC

SHEA & CARLYON, LTD.
 JAMES PATRICK SHEA
 (Nevada State Bar No. 000405)
 CANDACE C. CARLYON
 (Nevada State Bar No. 002666)
 SHLOMO S. SHERMAN
 (Nevada State Bar No. 009688)
 233 South Fourth Street, Second Floor
 Las Vegas, Nevada 89101
 Telephone: (702) 471-7432
 Facsimile: (702) 471-7435
 Email: jshea@sheacarlyon.com
ccarlyon@sheacarlyon.com
ssherman@sheacarlyon.com

10 **UNITED STATES BANKRUPTCY COURT**
 11 **DISTRICT OF NEVADA**

12 In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.) BK-S-06-10725-LBR Chapter 11
13 In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.) BK-S-06-10726-LBR Chapter 11
14 In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.) BK-S-06-10727-LBR Chapter 11
15 In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.) BK-S-06-10728-LBR Chapter 11
16 In re: USA SECURITIES, LLC, Debtor.) BK-S-06-10729-LBR Chapter 11
17 Affects)
18 <input checked="" type="checkbox"/> All Debtors) Date: October 19, 2006
19 <input type="checkbox"/> USA Commercial Mortgage Co.) Time: 9:30 a.m.
20 <input type="checkbox"/> USA Securities, LLC)
21 <input type="checkbox"/> USA Capital Realty Advisors, LLC)
22 <input type="checkbox"/> USA Capital Diversified Trust Deed)
23 <input type="checkbox"/> USA First Trust Deed Fund, LLC)

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 25 **RESPONSE OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS**
 26 **OF USA CAPITAL FIRST TRUST DEED FUND, LLC TO MOTION TO INCREASE**
 27 **THE DEBTORS' 180-DAY EXCLUSIVE PERIOD TO CONFIRM PLANS OF**
REORGANIZATION TO DECEMBER 31, 2006 (AFFECTS ALL DEBTORS)

TO THE HONORABLE LINDA B. RIEGLE, UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Equity Security Holders of USA Capital First Trust Deed Fund, LLC (the "FTD Fund Committee") appointed in the above-captioned bankruptcy cases (the "Chapter 11 Cases"), hereby responds (the "Response") to the "Motion to Increase the Debtors' 180-Day Exclusive Period to Confirm Plans of Reorganization to December 31, 2006" (the "Motion") filed by the debtors in the above-captioned cases (the "Debtors") and respectfully represents as follows:

I. FACTS

9 1. Chapter 11 bankruptcy petitions in each of the five Chapter 11 Cases were
10 filed on April 13, 2006 (the "Petition Date").

11 2. On September 15, 2006, the Debtors filed the "Debtors' Joint Plan of
12 Reorganization" (the "Plan"). As drafted, the Plan was not neutral with respect to its treatment of
13 the five Debtors. For example, the Plan provides that assets from the estate of USA Capital First
14 Trust Deed Fund, LLC (the "FTD Fund") will be turned over to the estate of USA Capital
15 Diversified Trust Deed Fund, LLC (the "DTD Fund"). While the Plan purports to memorialize
16 the terms of a settlement between the FTD Fund and DTD Fund, no such agreement has been
17 reached.

18 3. The Debtors have informed the FTD Fund Committee that because the
19 official committees appointed in the Chapter 11 Cases have not agreed on the settlement
20 contained in the Plan, the Debtors soon will be filing a revised neutral plan. Indeed, the Debtors
21 have circulated a draft of a revised plan of reorganization that is much closer to a neutral plan.
22 The FTD Fund Committee is optimistic that by the time it is filed, either the Debtors' revised
23 plan of reorganization will be neutral or it will reflect a global settlement actually agreed upon by
24 all of the official committees appointed in the Chapter 11 Cases.

25 4. Pursuant to 11 U.S.C. 1121(c)(3), the Debtors are entitled to 180 day
26 exclusivity period in which to obtain acceptance of a proposed plan(s) of reorganization (the
27 "Solicitation Exclusivity Period"). Given that the Petition Date was April 13, 2006, the statutory
28 deadline for the Debtors to obtain acceptance of a plan(s) of reorganization is October 10, 2006.

Pursuant to a bridge order issued by the Court at the September 28, 2006 omnibus hearing, the
Solicitation Exclusivity Period expires on October 19, 2006.

3 5. On September 15, 2006, the Debtors filed the Motion, by which the
4 Debtors request that the Court extend the Solicitation Exclusivity Period through December 31,
5 2006. The Solicitation Exclusivity Motion is scheduled to be heard at the October 19, 2006
6 omnibus hearing.

II. DISCUSSION

8 6. At this time, the FTD Fund Committee does not oppose the Debtors'
9 requested extension of the Solicitation Exclusivity Period. As noted above, the Debtors not only
10 have informed the FTD Fund Committee that they will soon be filing an amended plan of
11 reorganization, which plan will be neutral with respect to the treatment of the five Debtor estates,
12 but they have also circulated a draft of a revised plan of reorganization that is fairly neutral.

13 7. In the event, however, that the Debtors do not file a neutral plan prior to
14 the hearing on the Motion, the FTD Fund Committee reserves the right to file a supplemental
15 response to the Motion, by which the FTD Fund Committee may object to the extension of the
16 Solicitation Exclusivity Period.

17 8. Additionally, any order extending the Solicitation Exclusivity Period
18 should be without prejudice to the rights of parties in interest in the Chapter 11 Cases to file a
19 motion requesting that the Court terminate any extended solicitation exclusivity for the Debtors.

21 | Respectfully submitted this 3rd day of October, 2006.

24 FRANK A. MEROLA (CA State Bar No. 136934),
25 EVE H. KARASIK (CA State Bar No. 155356), and
26 ANDREW M. PARLEN (CA State Bar No. 230429), Members of
27 STUTMAN, TREISTER & GLATT, P.C.
1901 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Telephone: (310) 228-5600

28 | and

1 CANDACE C. CARLYON
2 Shea & Carlyon, Ltd.
3 233 S. Fourth Street, Suite 200
4 Las Vegas, NV 89101
5 Telephone: (702) 471-7432
COUNSEL FOR THE
OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS
OF USA CAPITAL FIRST TRUST DEED FUND, LLC

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